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Message Text

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ACTION EUR-10

INFO OCT-01 SS-14 ISO-00 NSC-07 NSCE-00 CIAE-00 INR-10

NSAE-00 RSC-01 DODE-00 H-01 L-02 PM-03 SP-01 PA-01

PRS-01 USIA-04 EB-03 DRC-01 /060 W
---------- 100685
R 311114Z MAY 74
FM AMEMBASSY BONN
TO SECSTATE WASHDC 2895
INFO AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
USMISSION BERLIN
USMISSION EC BRUSSELS
USMISSION NATO BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 BONN 08618

LIMDIS

E.O. 11652: XGDS-1
TAGS: PFOR, XT, GW, EEC
SUBJECT: FRG FONOFF OFFICIAL SEES GLOOMY PROSPECTS FOR EUROPE

1. IN CONVERSATION WITH HERBERT SPIRO OF S/P AND EMBOFF ON MAY 29, FONOFF PLANNING CHIEF BRUNNER PAINTED STRIKINGLY GLOOMY PICTURE OF CONDITIONS IN EUROPEAN COMMUNITY AND EXPRESSED VIEW THAT U.S., AS WELL AS EUROPEANS THEMSELVES, HAD OVERESTIMATED STABILITY OF EUROPEAN GOVERNMENTS AND SOCIETIES. BRUNNER CONCEDED THAT NATIONAL INSTITUTIONS PRESENTLY REMAIN QUITE STRONG
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AND THAT CHANGE OF GOVERNMENT IN FRG, ALONG WITH ELEC-

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TION OF NEW PRESIDENT IN FRANCE, PROVIDED CONVINCING DEMONSTRATION OF THIS STRENGTH. HE FELT, HOWEVER, THAT NATIONAL STABILITY AMONG EC MEMBERS COULD NOT LONG ENDURE IF THE COMMUNITY WERE NOT ABLE TO OVERCOME THE DIFFICULTIES THAT NOW PLAGUE IT. BRUNNER COMMENTED IN DISCOURAGED TONES ABOUT THE WEAKNESS OF THE WILSON GOVERNMENT IN BRITAIN, ABOUT THE UNREALISTIC ATTITUDE THE BRITISH GOVERNMENT WAS TAKING TOWARD ITS PARTICIPATION IN THE EC, AND ABOUT WHAT HE REGARDED AS AN ILLUSORY HOPE ON THE PART OF THE BRITISH TO REVIVE THE SPECIAL RELATIONSHIP TO THE U.S. AS AN EFFECTIVE ALTERNATIVE OR BALANCE TO MEMBERSHIP IN THE EUROPEAN COMMUNITY.

2. BRUNNER SAW THE HEART OF THE PROBLEM IN THE ECONOMIC IMBALANCE THAT HAS DEVELOPED BETWEEN THE FRG ON THE ONE HAND AND ITS MAJOR EC PARTNERS - NOTABLY, BRITAIN, FRANCE, AND ITALY - ON THE OTHER. THE OTHERS HAD NOT MANAGED TO CONTROL INFLATION AS WELL AS THE FRG HAD DONE, AND THEIR BALANCE OF PAYMENTS DEFICITS HAD BECOME ENORMOUS WHILE THE FRG SURPLUS HAD GROWN.

3. THERE WAS NO DOUBT, BRUNNER THOUGHT, THAT UNDER THESE CIRCUMSTANCES THE FRG WOULD HAVE TO CONTINUE FOR THE FORESEEABLE FUTURE TO PLAY THE ROLE OF EC PAYMASTER. IN TERMS OF EC COHESIVENESS, THE FRG'S RELATIVE SUCCESS IN CONTROLLING INFLATION WAS A KIND OF FAILURE. TO MAINTAIN THE COMMUNITY INTACT, THE GERMANS WOULD HAVE TO PAY A CONSIDERABLE PRICE IN GENEROSITY TO THE OTHERS. BRUNNER ACKNOWLEDGED THAT IT WOULD NOT BE EASY TO SELL THIS TO THE GERMAN VOTER, BUT IT WOULD HAVE TO BE DONE. IT WOULD BE NECESSARY TO DEMONSTRATE CONVINCINGLY TO THE GERMAN WORKER THAT FAILURE TO HOLD THE COMMUNITY TOGETHER COULD WELL COST HIM HIS JOB. BRUNNER EXPRESSED THE VIEW THAT THE FRG'S RESTRAINED POSITION IN THE RECENT EC DEBATE ON THE REGIONAL FUND HAD BEEN VERY SHORT-SIGHTED INDEED.

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4. BRUNNER WAS CRITICAL OF THE U.S. METHODS IN DEALING WITH EUROPE. THE U.S., LIKE MANY OF THE EUROPEANS THEMSELVES, HAD EVIDENTLY FAILED TO REALIZE HOW DELICATE THE STRUCTURE OF EUROPEAN COOPERATION WAS. BY PURSUING A VIGOROUS BILATERAL DIPLOMACY, BY EXERCISING PUBLIC CRITICISM OF THE EC ATTITUDE TOWARD THE U.S., AND (BRUNNER IMPLIED) BY FAILING TO DO ALL THAT MIGHT HAVE BEEN DONE TO NOURISH THE PAINFUL PROCESS OF EUROPEAN POLITICAL COOPERATION, THE U.S. HAD CONTRIBUTED AT LEAST IN A PSYCHOLOGICAL SENSE TO THE PRESENT SAD STATE OF THE EUROPEAN EXPERIMENT. AT THE SAME TIME, BRUNNER ACKNOWLEDGED THE VALIDITY OF U.S. CRITICISM OF THE CONFIDENTIAL

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CONSULTATIVE PRACTICES OF A EUROPE WHICH DID NOT YET HAVE THE SELF-CONFIDENCE AND UNITY OF VIEWPOINT TO PRO-VIDE AN ALTERNATIVE TO THE OLD SYSTEM OF BILATERAL DIPLOMACY.

5. COMMENT: BRUNNER WAS VERY CLOSE TO THE RECENTLY DEPARTED FOREIGN MINISTER SCHEEL AND HIS THINKING UNDOUBTEDLY REFLECTS SCHEEL'S RATHER ACCURATELY. IT REMAINS TO BE SEEN WHETHER HE WILL HAVE THE SAME KIND OF WORKING RELATIONSHIP WITH GENSCHER. IT IS WORTH

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NOTING THAT THE FRG SPOKESMAN, AT THE MAY 29 PRESS CONFERENCE, ALSO MADE THE POINT ABOUT THE KEY ROLE OF THE HUGE BALANCE OF PAYMENTS PROBLEMS SOME EC MEMBERS FACE, BUT HE ADDED THAT THE FRG WAS "NOT INCLINED" SIMPLY TO FINANCE THE DEFICITS OF ITS PARTNERS.
HILLENBRAND

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC DEVELOPMENT, ECONOMIC CONDITIONS, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Draft Date: 31 MAY 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BONN08618
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X1
Errors: N/A
Film Number: D740137-0895
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974055/aaaaadlt.tel
Line Count: 175
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 02 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 APR 2002 by boyleja>; APPROVED <13 JUN 2002 by golinofr>
Review Markings:

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US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FRG FONOFF OFFICIAL SEES GLOOMY PROSPECTS FOR EUROPE
TAGS: PFOR, XT, GE, EEC, (SPIRO, HERBERT)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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